

Mid-West panel tackles Western's issues

Editor's note: Issues affecting Western were the subject of a panel discussion at the Mid-West Electric Consumers Association annual meeting, Dec. 8 in Denver. In "Continuing Commitments—The WAPA Story"

Administrator **Mike**

HacsKaylo and five other Western senior managers addressed the issues facing Western today and what we're doing in response. This three-part series presents a summary of their com-

ments to the nearly 400 people representing preference power customers across the Upper Great Plains and Rocky Mountain regions on these issues and their impact on the Pick-Sloan power program.

Power allocation process

Mike HacsKaylo: "The most significant policy issue facing Western is our public inquiry into the impact of the deregulated electric industry on power allocations. On Oct. 19, Deputy Secretary Moler directed me to seek public comments on six questions:

"(1) Should Western's power allocation system, including the term of firm power contract renewals, be modified to take into account changes in electricity markets that have occurred, and are expected to occur in the future, due to enactment of [California's restructuring legislation] and other State retail competition statutes? If so, please explain what modifications would be desirable. If not, please explain why the present system should be preserved.

"(2) To the extent a utility with an allocation of preference power loses load due to retail competition, should it receive the same allocation as it received previously or should its allocation be reduced proportionately?

"(3) Should Western allocate power directly to electricity end-users that are pref-

erence entities, such as publicly-owned schools in States or localities that permit retail access? If so, how much power should be allocated for this purpose? Alternatively, should Western continue to allocate power primarily to its traditional customers such as municipal and cooperative utilities and Federal and State agencies?

"(4) In a retail choice environment, what additional steps, if any, should Western take to ensure that the full economic benefits of preference power are passed through to end-users served by the distribution utility that receives a power allocation from Western?

"(5) Should a distribution utility be permitted to transmit the economic benefits of preference power exclusively to industrial or commercial end-users? Conversely, should a distribution utility be required to pass on the benefits of preference power exclusively to a certain class of customers such as residential or small business?

"(6) Should a distribution utility be required to offer retail access to its distribution customers as a condition of receiving a preference power allocation in the future?

"We initiated this inquiry to explore the impact of electric utility restructuring on our power allocation policies. Much has changed in this industry in the past few years. We believe it's prudent to re-evaluate our policies to see if they still meet changing public goals.

"We've started our public process with publication of a notice in the *Federal Register*, asking for comments on these questions. We'll have a public hearing in Denver on Jan. 6, 1999, and the deadline for submission of comments is Jan. 15, 1999. We expect that any policy decisions that arise out of this effort will be applied prospectively.

"As we look at the changes facing each of us today, we want to affirm that we share your continuing commitment to the Federal power program. We also recognize that times change and we look forward to new beginnings with you."

(Note: The next two issues of *Closed Circuit* will feature discussions on industry restructuring issues and regional issues.)



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— Mike HacsKaylo